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RHEBAAA/DEPT OF ENERGY WASHINGTON DC PRIORITY  
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY  
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C O N F I D E N T I A L SECTION 01 OF 03 LAGOS 000172

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STATE FOR AF/W  
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E.O. 12958: DECL: 03/12/2017  
TAGS: [NI](#) [PGOV](#) [PREL](#) [PTER](#)  
SUBJECT: MILITANT THREATS, BUNKERING & INSECURITY PLAGUE  
NIGER DELTA

LAGOS 00000172 001.2 OF 003

Classified By: Consul General Brian L. Browne for reasons 1.4 (B) and (D)

¶1. (C) Summary. Managing Directors (MDs) of American oil majors Chevron and ExxonMobil both received a similar email threat purportedly from the Movement for the Emancipation of the Niger Delta (MEND). The threat listed the names of the company's rigs as potential targets for militant activity. Militants illegally bunker the equivalent of one very large crew carrier of oil out of the Niger Delta per week, according to the MDs. ExxonMobil told visiting AF/W Director Phillip Carter that oil companies are investing as much as they can into developing the Delta and Nigerians must hold their government accountable for not using their revenues wisely. End Summary.

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GOOD COMMUNITY RELATIONS, OFFSHORE SITES NO PROTECTION  
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¶2. (C) Fred Nelson, Managing Director of Chevron Nigeria, told AF/W Director Phillip Carter on March 2 that Chevron's positive relationship with communities, mostly in Delta state, allows it to operate more smoothly than Shell Petroleum Development Company (SPDC). That said, Chevron is not immune from militant hectoring; Nelson received an email from the Movement for the Emancipation of the Niger Delta (MEND) threatening to attack Chevron's Escravos operations in Delta State. When Chevron checked with the leadership of Delta State-based militants, all disavowed authorship of the threat. Chevron operating procedures call for military Joint Task Force (JTF) escorts for all contractors and a no-payment policy to militants, important because of Chevron's travels along Chanomi creek, which passes Camp 5 run by militant leader Tom Polo.

¶3. (C) John Chaplin, Managing Director of ExxonMobil, received a similar email, his included the names of ExxonMobil's rigs. He said ExxonMobil, which primarily

operates offshore of Akwa Ibom State, is still susceptible to militant attacks, demonstrated by prior attacks carried out on a rig 70 miles offshore of Bayelsa State. Chaplin was surprised militants had not yet attacked Bonny Island, Escravos, or Eket, as doing so would shut down Nigeria's oil production and debilitate the country. Nelson commented "MEND" is likely a moniker used by unassociated groups or individuals to attract attention. Chaplin added that this made it difficult to identify MEND's objectives.

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MILITARY COMPLICIT IN ILLEGAL OIL BUNKERING  
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¶4. (C) Chaplin estimated illegal oil bunkerers take out of Nigeria approximately one very large crew carrier (VLCC) per week. He suggested both ship and crew details be tracked to determine the destination. Chaplin said many high ranking military are rich and "everyone retires with money," from which he deduces the military is complicit in the illegal oil bunkering business. Nelson questioned why the international community fails to address the demand side, including the transport and sale, of illegally bunkered oil.

¶5. (C) Nelson told Director Carter illegal bunkering has become Chevron's biggest problem and has lowered Chevron's pipeline pressure. The company has little it could do unilaterally to combat a clandestine system wherein barges could lift up to 15,000 barrels per day of illegally bunkered oil. The military Joint Task Force (JTF) is based throughout the Niger Delta but is incompetent and unwilling to stem these illegal activities, Nelson said. (Note: An increase in illegal bunkering on Chevron's pipelines may be attributed to Shell's diminished production over the past year. End Note.)

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CRISIS IMPACTS IOC'S ACCESS TO OIL SERVICES WORKERS  
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LAGOS 00000172 002.2 OF 003

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¶6. (C) Chaplin did not think increased deployment of military personnel would improve security in the Delta, but he did think mobile police could do a better job and lessen tensions if they improved their relations with communities. Mobile police are poorly trained and often are stripped of their weapons by militants. The police have been hard-pressed to such an extent that many officers have taken to removing their uniforms at the slightest hint of militant activity, Chaplin said. Chevron in Escravos teaches voluntary principles to the military, police, and mobile police to enhance government provided security. (Note: Nelson said the Navy does not want to receive training; they merely want "toys, equipment and arms.")

¶7. (C) Chaplin said militant activity has made it more difficult to attract contractors, not due to the "CNN factor" but because their families, believing Nigeria to be too dangerous, have discouraged them from coming. While IOCs offer the best security and protection currently available in the Niger Delta, only so much can be done to control contractors' social habits. The innumerable hostage-incidents have taken their toll on oil majors' ability to obtain needed services. For example, Nelson said Chevron had difficulty attracting skilled workers, especially welders, many of whom tend to be Filipino, ever since the Philippines banned travel to Nigeria.

¶8. (C) Nelson warned if contractors such as Bristow, which provides nine helicopters on contract to Chevron's Escravos site, are forced to withdraw from the Niger Delta, IOCs will be severely restricted; there is only one road into Escravos. Without air transport, operations are significantly choked. Additionally, Nelson warned that one rocket propelled grenade in the wrong place would quickly change the company's entire security equation.

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NIGER DELTA NEEDS GOVERNANCE, DEVELOPMENT  
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¶9. (C) Chaplin identified IOCs as the only entities in the Delta doing their fair share of development activities. However, he complained that oil majors cannot continue to be the only entities that address communities' needs because the companies simply are not equipped nor well suited to become quasi-governments. Governor Peter Odili of Rivers State, for example, has a state budget larger than that of many African countries but has accomplished little, Chaplin complained. Both state government and local government areas (LGAs) need to be more productive, he said. He recognized the benefit of development-oriented NGOs such as Pro-Natura International (PNI). Now is the time for Nigerians to hold their government accountable, Chaplin commented.

¶10. (C) Nelson listed the company's efforts to help develop communities but explained these efforts by themselves do not lead to sustainable development. Chevron found it needed to hire NGOs to provide record-keeping training so communities could implement memoranda of understanding. Chevron was conducting Sustainable Livelihood Assessments (SLAs) every 2-3 years, but funding must come from another source. Chevron spends more money in Nigeria than anywhere outside the United States. Twenty-three percent of Chevron's revenue goes to the Niger Delta Development Commission (NDDC), whose annual budget is USD 5 million; Nelson could identify no NDDC projects of note. IOCs receive five percent of revenue, the GON takes 95 percent and, in the end, LGAs receive a pittance.

¶11. (C) However, Chevron's efforts have not gone unappreciated. A Regional Development Council (RDC) composed of community members was set up so Chevron could get first hand information from the communities. The militant Tom Polo, leader of the Federated Niger Delta Ijaw Communities

LAGOS 00000172 003.2 OF 003

(FNDIC), sent Chevron a note March 1 stating the company is "okay." Chevron also has positive relations with Father O'Hara in Port Harcourt and Judith Asuni of the NGO Academic Associates PeaceWorks.

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CHEVRON EXPECTS TO MEET 2010 UN GAS FLARING AGREEMENT  
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¶12. (C) Chaplin said that while tax and other pending legislation will provide incentives for investment in power plants, he doubts the government will be able to deliver the gas, especially in light of the government's inability to repair the pipeline that supplies gas to Lagos. Nelson said Chevron is flaring 100 percent of its gas and doubted the West African pipeline would ever carry gas once completed. Nelson said Chevron plans to meet the 2010 UN agreement on gas flaring, rather than the Nigerian 2008 Flare Mandate, because the GON has not provided the enabling environment for companies to achieve this goal.

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COMMENT  
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¶13. (C) Chaplin and Nelson described problems which have been well known for sometime, but which, in the run up to the elections, risk becoming more severe. End Comment.  
BROWNE